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# THE HILL

## [Tax cuts for Scrooge McDuck? Dispelling the myths of tax reform](#)

Roger Harris, CEO of Producers Chemical Company in Sugar Grove, Ill., employs about 30 people. He pays plenty in taxes—all told, federal, state and local governments take more of his business income than Roger does. For Producers Chemical, tax reform could mean an extra \$150,000 in capital. And for Roger, that doesn't mean a bigger CEO paycheck. It means he can invest in his business and hire three or four new employees. That means stronger economic growth and more families taken care of in Illinois.

That's why one of the chief criticisms I've heard about tax reform in Congress—that it's a giveaway for the rich—is puzzling and misleading. Repeatedly, we hear that the bill is just a tax break for the wealthiest Americans who already have the resources to limit their tax liability, and don't need any more help from the federal government.

**Here's the problem: rich people in America are not a monolithic group. And many Americans unknowingly lump together Scrooge McDuck swimming in a pile of gold and the small business owner who lives next door. Job creators like Roger are caught in the crossfire of this misconception.**

More than 95 percent of U.S. companies—including Producers Chemical—are organized as “pass-through” businesses, which

means that the income these companies generate is taxed as the individual income of the owner or partners. These pass-through businesses account for more than 50 percent of U.S. business income and more than 50 percent of private sector jobs, even though almost all of them have less than \$10 million in annual receipts. The way they are taxed gives employers a great deal of flexibility to hire and pay new workers and to purchase new factories and equipment. Unfortunately for them, however, because the tax code treats them like individuals, Americans look at them that way too.

**The truth is that these “wealthy individuals” are actually successful businesses employing a lot of Americans despite their significant tax liability.**

In Illinois these businesses often face a top federal income tax rate of 39.6 percent and a top state income tax rate of 4.95 percent. Many people don't know that these employers must match the Medicare and Social Security taxes withheld from their employees' paychecks. They are required to shoulder the entire cost of workers' compensation insurance. Their offices and factories generate enormous property tax liability.

So when Americans opine these small businesses need to “pay their fair share,” the truth is they are paying several shares more than they should be. And they contribute more than anyone else to U.S. economic growth in spite of it.

What these pass-through businesses really need is a break.

This Congress, I reintroduced the Bring Small Businesses Back Tax Reform Act, H.R. 1425....

**PLEASE READ THE REST of my piece in *The Hill*:**

**<http://thehill.com/blogs/congress-blog/economy-budget/365009-tax-cuts-for-scrooge-mcduck-dispelling-myths-of-tax-reform>**

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